

Qualification; religious; educational tours. A nonprofit organization that arranges and conducts winter-time ocean cruises during which activities to further religious and educational purposes are provided in addition to extensive social and recreational activities is not operated exclusively for exempt purposes and does not qualify for exemption.

'Advice has been requested whether the nonprofit organization described below, which otherwise qualifies for exemption from Federal income tax under section 501(c)(3) of the Internal Revenue Code of 1954, is operated exclusively for charitable purposes.

'The organization's stated purpose is to provide a continuing educational program in an atmosphere conducive to spiritual renewal for ministers, members of churches, and their families. The organization's only activities consist of the regular arrangement and conduct of fourteen-day wintertime cruises on chartered ships. In addition to the usual cruise activities, the programs conducted on each cruise include a schedule of lectures, discussion groups, and special interest workshops on religious topics, at which attendance is not required. The cruises are only advertised in periodicals published by religious denominations. Clergy normally account for about one-fourth of those who go on each cruise.

'For approximately four hours on each of the nine days the ship is at sea, lectures, discussions, and workshops are led by theologians and religiously-oriented psychologists. The remainder of the time is available for meals, recreational activities, and social functions. Many of the social and recreational functions are arranged as part of the cruise, and recreational facilities are readily at hand for use. A day is spent at each of five different ports of call where arrangements are made for general sightseeing tours and shopping opportunities. At three of the ports of call, the cruise-sponsored programs also enable the participants to spend minor portions of their time ashore meeting with local church leaders, attending worship services, and/or visiting mission projects.

'Section 501(c)(3) of the Code provides for the exemption from Federal income tax of organizations that are organized and operated exclusively for religious, charitable or educational purposes. This statute has been construed as requiring all the resources of the organization to be applied to the pursuit of one or more of the exempt purposes therein specified. The presence of a single nonexempt purpose, if substantial in nature, will preclude exemption. *Better Business Bureau v. United States*, 326 U.S. 279, 283 (1945), Ct. D. 1650, 1945 C.B. 375.

Section 1.501(c)(3)-1(d)(2) of the Income Tax Regulations defines the term 'charitable' to include the advancement of religion or education.

'In this case, the organization accomplishes both charitable and noncharitable purposes through its cruises. The lectures, discussions, workshops, and some of the activities on shore further religious and educational purposes. However, the extensive amount of time, energy, and other resources which are regularly devoted to the conduct of social and recreational activities, together with the manner in which such activities are scheduled in relation to other cruise programs, and all the other attendant facts and circumstances here present demonstrate that the organization's conduct of such social and recreational activities serve substantial independent purposes of a noncharitable nature.

'Accordingly, the organization does not qualify for exemption from Federal income tax under section 501(c)(3) of the Code because it is not being operated exclusively for exempt purposes.